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**GREATER KROTZ SPRINGS
PORT COMMISSION**

Annual Financial Report

Year Ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/12/08

TABLE OF CONTENTS

	<u>Note</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Accountant's Review Report		3
Required Supplementary Information:		
Management's Discussion and Analysis		5
Basic Financial Statements:		
Statement of Net Assets		8
Statement of Revenues, Expenses, and Changes in Net Assets		9
Statement of Cash Flows		10
Notes to the Financial Statements -		
Introduction	1	12
Summary of Significant Accounting Policies	2	12
Reporting Entity		12
Basis of Presentation		12
Measurement Focus and Basis of Accounting		12
Assets, Liabilities, and Equity		13
Compensated Absences		13
Equity Classifications		13
Use of Estimates		14
Cash and Investments	3	14
Capital Assets	4	15
Pension Plan	5	15
Lease Income	6	16
Risk Retention	7	18
Litigation and Claims	8	18
Federal Financial Assistance	9	18
Compensation Paid to Board Members	10	19
Cooperative Endeavor Agreement	11	19
Other Supplementary Information		
Independent Accountant's Report on Applying Agreed-Upon Procedures		22
Louisiana Attestation Questionnaire		25

GREATER KROTZ SPRINGS PORT COMMISSION
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P. O. BOX 155
KROTZ SPRINGS, LOUISIANA 70750
(337) 566-8867

GOVERNING BOARD

<u>COMMISSIONER</u>	<u>APPOINTEE</u>
Arlen LaFleur	St. Landry Parish
Billy Frilot, V.P.	St. Landry Parish
Tommy McMillan	St. Landry Parish
Sal Diesi, President	City of Opelousas
Vernon Haynes	City of Opelousas
Barry K. Soileau	City of Eunice
Christopher Thomas	City of Eunice
James Soileau, Secretary	Town of Krotz Springs
Monita Reed	Town of Krotz Springs
John K. Soileau	St. Landry Parish Municipal Assn
Michael R. Thibodeaux, Treasurer	St. Landry Parish Municipal Assn

Gary Soileau, Executive Director

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FINANCIAL SECTION

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George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)

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OFFICERS ASSOCIATION

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**Board Members of
Greater Krotz Springs Port Commission
State of Louisiana
Krotz Springs, Louisiana**

I have reviewed the accompanying basic financial statements business-type activities of GREATER KROTZ SPRINGS PORT COMMISSION, as of and for the year ended June 30, 2007, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards* issued by the Comptroller General of the United States of America. All information included in these basic financial statements is the representation of the management of Greater Krotz Springs Port Commission.

A review consists principally of inquiries of the Commission's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report, dated July 23, 2007, on the results of my agreed-upon procedures.

The Management's Discussion and Analysis on pages 5 through 7, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

George F. Delaune, CPA

July 23, 2007

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Greater Krotz Springs Port Commission

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Management's Discussion and Analysis

As management of the Greater Krotz Springs Port Commission, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Commission's basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Commission's net assets increased by \$183,851 from \$5,661,710 in 2006 to \$5,844,560 in 2007.
- The Commission's operating revenues exceeded operating expenses by \$38,507 for the year ended June 30, 2007.
- Cash and investments increased by \$273,850 for the year ended June 30, 2007.

USING THIS ANNUAL REPORT

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in *net assets* may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's *net assets* changed during the most recent fiscal year. All changes in *net assets* are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Commission's *Government-wide Financial Statements* distinguish functions that are intended to recover all or a significant portion of their costs through charges (*business-type activities*). The *Government-wide Financial Statements* can be found on pages 8 and 11 of this report.

FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Commission's net assets increased by \$182,851 or 3.24% since the prior year.

The Commission's total assets are mainly composed of cash and investments (53.17%) and capital assets (46.27%). The Greater Krotz Springs Port Commission owns and operates a port authority all of which is located in Krotz Springs, St. Landry Parish, Louisiana. The Commission actively recruits firms located outside of Louisiana to locate in the area.

Net assets total \$5,845,560 of which 46.30% represents the Commission's investment in capital assets and 53.70% represents unrestricted net assets which the Commission can use for any purpose for which the Commission was created for.

NET ASSETS

	2007	2006	% Change
Current and other assets	\$ 3,142,367	\$ 2,843,989	10.49%
Capital assets	2,706,672	2,818,918	-3.98%
Total assets	5,849,039	5,662,907	3.29%
Other liabilities	3,479	1,197	190.64%
Total liabilities	3,479	1,197	190.64%
Net assets -			
Invested in capital assets	2,706,672	2,818,918	-3.98%
Unrestricted	3,138,888	2,842,792	10.42%
Total net assets	\$ 5,845,560	\$ 5,661,710	3.25%

As illustrated by the table "Changes in Net Assets" below, the Commission's operating revenues increased by 27.64% as a result of new leases, tonnage, and cancellation of a lease. Operating expenses increased by 5.57% primarily the result of meetings to attract new tenants and engineering fees to acquire new property.

CHANGES IN NET ASSETS

	2007	2006	% Change
Revenues:			
Operating -			
Charges for services	\$ 373,157	\$ 292,340	27.64%
Nonoperating -			
Interest	145,343	95,620	52.00%
Grant	0	150,000	-100.00%
Total revenues	518,500	537,960	-3.62%
Expenses:			
Operating	334,650	316,993	5.57%
Total expenses	334,650	316,993	5.57%
Change in net assets	\$ 183,850	\$ 220,967	-16.80%

CAPITAL ASSETS

At June 30, 2006 and 2005, the Commission had \$2,706,672 and \$2,818,918, respectively, invested in a broad range of capital assets, including land, buildings, wharfs and docks, mooring dolphins, road and land improvements, etc.

The Commission has entered into a cooperative agreement with the Louisiana Department of Natural Resources for the construction of the Krotz Springs Boat Landing. As of June 30, 2006, \$200,000 has been received from DNR which was advanced to the U.S. Army Corps of Engineers for the design phase of the project. This amount was capitalized pending approval of the project. If not approved, this expenditure will be eliminated from capital assets.

For the year ended June 30, 2007, the Commission installed a new metal roof on the office building and purchased two new computers for the office.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact Gary Soileau, Executive Director of the Greater Krotz Springs Port Commission, Krotz Springs, Louisiana at (337) 566-8867.

GREATER KROTZ SPRINGS PORT COMMISSION
STATEMENT OF NET ASSETS
(Proprietary Fund Type - Enterprise Fund)
June 30, 2007
(With Comparative Totals for 2006 and 2005)

	2007	2006	2005
ASSETS			
Current Assets			
Cash	\$ 860,195	\$ 786,345	\$ 576,652
Investments	2,250,000	2,050,000	2,000,000
Leases receivable	20,130	2,767	18,674
Interest receivable	12,042	4,877	4,309
Reimbursement due from Louisiana			50,000
Total Current Assets	3,142,367	2,843,989	2,649,635
Capital Assets			
net of accumulated depreciation	2,706,672	2,818,918	2,792,458
TOTAL ASSETS	\$ 5,849,039	\$ 5,662,907	\$ 5,442,093
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 745	\$ 348	\$ 500
Accrued payroll and benefits	2,734	849	850
Total Current Liabilities	3,479	1,197	1,350
Net Assets			
Invested in capital assets	2,706,672	2,818,918	2,792,458
Unrestricted	3,138,888	2,842,792	2,648,285
Total Net Assets	5,845,560	5,661,710	5,440,743
TOTAL LIABILITIES AND NET ASSETS	\$ 5,849,039	\$ 5,662,907	\$ 5,442,093

The accompanying notes are an integral part of this statement.

GREATER KROTZ SPRINGS PORT COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
(Proprietary Fund Type - Enterprise Fund)
Years Ended June 30, 2007
(With Comparative Totals for 2006 and 2005)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues			
Leases	\$ 257,541	\$ 248,144	\$ 212,928
Tonnage and docking fees	85,616	44,196	39,675
Right-of-ways and easements	30,000		
Total Operating Revenues	<u>373,157</u>	<u>292,340</u>	<u>252,603</u>
Operating Expenses			
Commissioners per diem	21,900	21,750	21,900
Salaries and benefits	89,885	87,583	84,731
Board meetings	4,840	4,383	2,804
Travel	8,756	8,404	6,983
Auto allowance	6,000	6,000	6,000
Meetings and conventions	22,022	13,774	12,066
Dues	2,696	2,662	7,716
Advertising and promotion	1,998	476	646
Professional fees	13,433	7,639	7,631
Insurance	20,909	20,496	19,971
Telephone and utilities	5,863	6,213	6,029
Repairs and maintenance	9,191	10,609	9,968
Office expense	3,424	3,465	4,576
Depreciation	123,733	123,539	123,170
Total Operating Expenses	<u>334,650</u>	<u>316,993</u>	<u>314,201</u>
Operating Income (Loss)	38,507	(24,653)	(61,598)
Nonoperating Revenues			
Interest income	145,343	95,620	54,595
Grant - DOTD Boat Launch Project		150,000	50,000
Change in Net Assets	<u>183,850</u>	<u>220,967</u>	<u>42,997</u>
Net Assets, Beginning of Year	<u>5,661,710</u>	<u>5,440,743</u>	<u>5,397,746</u>
NET ASSETS, END OF YEAR	<u>\$ 5,845,560</u>	<u>\$ 5,661,710</u>	<u>\$ 5,440,743</u>

The accompanying notes are an integral part of this statement.

GREATER KROTZ SPRINGS PORT COMMISSION
STATEMENT OF CASH FLOWS
(Proprietary Fund Type - Enterprise Fund)
Years Ended June 30, 2007
(With Comparative Totals for 2006 and 2005)

	2007	2006	2005
Cash Flows From Operating Activities			
Receipts from tenants	\$ 355,794	\$ 308,247	\$ 217,685
Payments to suppliers	(98,736)	(84,273)	(84,573)
Payments to commissioners	(21,900)	(21,750)	(21,900)
Payments to employees and benefits	(88,000)	(87,584)	(84,743)
Net cash provided by operating activities	<u>147,158</u>	<u>114,640</u>	<u>26,469</u>
Cash Flows From Investing Activities			
Redemptions of certificates of deposits			
Purchases of certificates of deposits	(200,000)	(50,000)	(250,000)
Interest received on interest-bearing deposits	138,178	95,053	54,595
Net cash provided by (used in) investing activities	<u>(61,822)</u>	<u>45,053</u>	<u>(195,405)</u>
Cash Flows From Capital & Related Financing Activities			
Acquisition of capital assets	(11,486)	(150,000)	(54,100)
Reimbursement from DOTD		200,000	
Net cash provided by (used in) capital & related financing activities	<u>(11,486)</u>	<u>50,000</u>	<u>(54,100)</u>
Net Increase (Decrease) in Cash	73,850	209,693	(223,036)
Cash, Beginning of Year	<u>786,345</u>	<u>576,652</u>	<u>799,688</u>
CASH, END OF YEAR	<u>\$ 860,195</u>	<u>\$ 786,345</u>	<u>\$ 576,652</u>

The accompanying notes are an integral part of this statement.

GREATER KROTZ SPRINGS PORT COMMISSION
STATEMENT OF CASH FLOWS
(Proprietary Fund Type - Enterprise Fund)
Years Ended June 30, 2007
(With Comparative Totals for 2006 and 2005)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 38,507	\$ (24,654)	\$ (61,598)
Adjustments to reconcile operating income (loss) to net cash provided by operating activity:			
Depreciation	123,733	123,539	123,170
Changes in assets and liabilities:			
Receivables, net	(17,363)	15,907	(19,918)
Accounts and other payables	397	(152)	(185)
Accrued expenses	1,884		
Deferred income			(15,000)
Net cash provided by operating activities	<u>\$ 147,158</u>	<u>\$ 114,640</u>	<u>\$ 26,469</u>

The accompanying notes are an integral part of this statement.

**GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 - INTRODUCTION

The Greater Krotz Springs Port Commission was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 34:1451-1456. The Port Commission is responsible for the regulation of commerce and traffic within the port area consisting of the entire Parish of St. Landry.

The Port Commission is governed by a board of commissioners, consisting of eleven members appointed as follows:

1. Three members by the St. Landry Parish Police Jury
2. Two members by the City of Opelousas
3. Two members by the City of Eunice
4. Two members by the Town of Krotz Springs
5. Two members by the St. Landry Parish Municipal Association

The Commission's office is located in Krotz Springs, Louisiana, and employs 2 administrative personnel. The Commission's operations are funded entirely through annual self-generated revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Commission the option of electing to apply FASB pronouncements issued after November 30, 1989. The Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the Greater Krotz Springs Port Commission because it derives its operating revenues from self-generated revenues. The accompanying general purpose financial statements present information only as to the transactions of Greater Krotz Springs Port Commission.

Basis of Presentation

The Commission's operations are reported as an enterprise fund. An enterprise fund is a proprietary fund used to account for business-type activities financed in whole or in part by fees charged to external parties for goods or services.

Measurement Focus and Basis of Accounting

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. The proprietary fund of the Commission utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are

GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expense generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise fund are charged to tenants for the use of the facilities. Operating expenses for enterprise funds include the cost of maintaining the facilities, administrative expenses, and depreciation on capital assets. All revenues not meeting the definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the statement of cash flows, "cash and cash equivalents" include all demand, pooled cash account, and certificates of deposit with an original maturity of three months or less. Additional cash disclosures are presented in Notes 2.

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Inventories

Inventories for supplies are immaterial and are recorded as expenses when purchased.

Fixed Assets

All fixed assets are valued at historical cost. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	30 Years
Wharfs and docks	30 Years
Road and road improvements	30 Years
Mooring dolphin	5 Years
Furniture, fixtures, and office equipment	5 Years

Compensated Absences

Employees can accumulate up to 400 hours of sick leave; however, no payment is made for accrued and unused sick leave upon termination or retirement. Two weeks of annual leave is earned by each employee; however, any unused portion lapses at the end of the fiscal year.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements and fund statements as it is incurred. The current portion of this debt is estimated based on historical trends.

Equity Classifications

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

At June 30, 2007, the Commission has cash (book balances) shown on the balance sheet of \$860,195.

State statutes authorize the Commission to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, political subdivisions are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

Investments held at June 30, 2007, in certificates of deposit amount to \$2,250,000.

At June 30, 2007, cash and investments (excluding the LAMP investment) representing collected bank balances are secured from risk as follows:

Demand deposits	\$ 178,552
Certificates of deposits	2,250,000
	<hr/>
Total Collected Bank Balances	2,428,552
Secured by federal deposit insurance	500,000
Secured by collateralized pledge of securities	1,850,000
	<hr/>
Unsecured/uncollateralized	\$ 78,552
	<hr/>

At June 30, 2007, the operating account was unsecured/uncollateralized. On June 27, 2007, a \$100,000 certificate of deposit matured and was deposited in the operating account. On the same day, \$100,000 was invested in another certificate of deposit in another bank. This transaction did not clear the operating account until July 2, 2007.

Cash and investments are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Board that the fiscal agent has failed to pay deposited funds upon demand.

GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. At June 30, 2007, cash on deposit in LAMP is \$786,194.

NOTE 4 - CAPITAL ASSETS

A summary of proprietary fund type property, plant and equipment at June 30, 2007 follows:

	Beginning Balance 7-01-2006	Increases	Decreases	Ending Balance 6-30-2007
Capital Assets not being depreciated:				
Land	\$ 417,994			\$ 417,994
Boat launch project	200,000			200,000
Total capital assets not being depreciated	617,994			617,994
Other capital assets:				
Buildings	153,221	\$ 8,700		161,921
Wharfs and docks	2,814,347			2,814,347
Road and road improvements	689,657			689,657
Mooring dolphin	43,119			43,119
Furniture and equipment	40,680	2,786	\$ (11,079)	32,387
Total other capital assets at historical cost	3,741,024	11,486	(11,079)	3,741,431
Less: Accumulated depreciation for -				
Buildings	(109,226)	(5,397)		(114,623)
Wharfs and docks	(1,064,644)	(93,812)		(1,158,456)
Roads and road improvements	(282,370)	(22,994)		(305,364)
Mooring dolphin	(43,119)			(43,119)
Furniture and equipment	(37,741)	(1,530)	11,079	(28,192)
Total accumulated depreciation	(1,537,100)	(123,733)	11,079	(1,649,754)
Business-type activities capital assets, net	\$ 2,821,918	\$ (112,247)	\$ 0	\$ 2,709,671

NOTE 5 - PENSION PLAN

All full-time employees of the Commission are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

**GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. A participant's basic annual retirement benefit is equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Participants who became members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. The maximum annual retirement benefit may not exceed the lesser of 100% of a member's average compensation or certain specified dollar amounts of actuarially determined monetary limits depending upon the member's age at retirement. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death. The System also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System.

Description of Funding Policy -

Covered employees are required by State statute to contribute 7.5% of their gross salary to the System and the Commission contributes an additional percentage of 21.20%. Contributions to the System during fiscal year ended June 30, 2007, 2006, and 2005, were funded through employee and employer contributions. Employer contributions were \$11,546, \$11,546, and \$10,760, respectively for years ended June 30, 2006, 2005, and 2003. The total payroll of the Commission, fully covered by the system, was \$54,450, \$54,450, and \$60,450, for the same periods. Under present statutes, the Commission does not guarantee any of the benefits granted by the system.

NOTE 6 - LEASE INCOME

The Commission negotiates lease-rental and user contracts with companies for the use of the Port's wharfs, docks, land and warehouses. Fees are composed of minimum lease payments and, in certain contracts, additional rates based upon the volume of commodities moved across the docks leased. The total lease and tonnage revenue earned in the fiscal year ended June 30, 2007 was \$343,157. A summary of current leases follows:

Cabot Corporation

On April 5, 1993 (amended on September 13, 1993), the Commission entered into a lease with Cabot Corporation for the use of 5.58 acres of land, more or less which includes a basic rent and one cent per barrel for all material, either incoming or outgoing, moved across the dock. The Commission also granted several easements, servitudes, rights of way, rights of passage, etc. for Cabot Corporation to conduct its business. The term of the lease is for 5 years from April 5, 1993, with Cabot Corporation having the option to extend the same for 4 additional 5 year terms unless giving notice in writing to the Commission 60 days in advance of the end of a particular 5-year term to renew. (The lease is in its second renewal period which extends the lease until April 5, 2008.) Cabot Corporation guarantees a 30,000 barrel minimum per month throughput. Said one cent per barrel charge to accrue on October 1, 1993 and shall be due on a calendar month basis thereafter. Cabot Corporation shall furnish to Commission a monthly throughput report no later than 30 days following the end of the month covered by each report. The Additional Rent shall be adjusted at the beginning of each option year to reflect the increase in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

For the fiscal year ended June 30, 2007, Cabot Corporation paid \$13,911 under the terms of the lease.

**GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

Bunge Corporation

On June 30, 1989, the Commission entered into a lease with Bunge Corporation for the use of a certain tract of land located in Section 8, Township Six South (T-6-S), Range Seven East R-8-E), Louisiana Meridian, St. Landry Parish, Louisiana, and designated as Tracts 9, 9A and 13A. The Commission also granted a 50-foot easement under the barge loading conveyor.

The initial term of the lease shall be 25 years commencing June 30, 1989, and terminating June 29, 2014. Bunge has the option of extending this lease for one additional 25 year term by notifying the Commission in writing at least 90 days prior to the expiration of the initial term.

Bunge Corporation shall pay an base annual payment of \$15,000 to be paid annually on or before July 1, 1989, and annually thereafter. An additional rent shall be due and payable on or before the 15th day of April, commencing April 15, 1990:

- (i) Four cents per ton on all outgoing shipments of commodities, whether bulk or packaged (including but not limited to grain by-products and manufactured grain products, whether liquid or solid, but excluding grain and oil seeds) regardless of the mode of shipment (i.e., whether by barge, truck or rail), made by Bunge during the previous year (the "Non-Grain Rent");
- (ii) on all grain and oil seeds shipped by barge by Bunge during the previous year, the following amounts (the "Grain Rent"):

1 through 2,999,999 bushels	\$0.040 per bushel
3,000,000 through 3,999,999 bushels	\$0.035 per bushel
4,000,000 through 4,999,999 bushels	\$0.030 per bushel
5,000,000 through 5,999,999 bushels	\$0.025 per bushel
All subsequent bushels	no add'l payments

During the current fiscal year, Bunge cancelled the lease and paid \$58,000 in cancellation fees. In addition to the cancellation fee, Bunge Corporation paid the annual rental of \$15,000.

Valero Refining and Marketing Company

On May 13, 1993, the Commission entered into a lease with Phibro Energy USA, Inc. for the use of a certain tracts or parcels of land and/or rights of way designated as Tract 2-A containing 10.16 acres, Tract 3 containing 5.29 acres, Tract 4 containing 1.46 acres, Tract 5 containing 2.95 acres. In addition Phibro shall have a pipeline and road right-of-way for the existing Phibro pipelines and the existing roads, etc.

The surface lease agreement shall be for a period of 10 years commencing on January 1, 1993 and ending on December 31, 2002, subject to Phibro's option to extend or renew this lease for one additional 5 year period commencing on January 1, 2003 and terminating on December 31, 2007, on the same terms and conditions as contained herein.

Phibro agrees to pay a monthly rental of \$15,285, due and payable on or before the 15th day of each month beginning March 15, 1993 and like installment due and payable on or before the 15th day of each month thereafter. The rental shall be adjusted by 25% of the CPI adjustment on January 1 of each year of the primary lease and any extension thereof.

In May 1997, Basis Petroleum, Inc. (formerly known as Phibro Energy USA, Inc.) sold all of its capital stock to Valero Refining and Marketing Company, a wholly owned subsidiary of Valero Energy Corporation.

On February 5, 2007, the lease with Valero Refining was extended to December 31, 2017, with one option to extend the lease for one five year period. In addition, lease payments will adjusted on January 1 of each year in accordance with the original lease.

The present monthly rental is \$17,439.15 and for the fiscal year ended June 30, 2007, Valero paid a total of \$208,670.

**GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

Valero Refining Company - Louisiana

On January 1, 2006, the Commission entered into lease with Valero Refining Company - Louisiana for the use of a 16,000 sq. ft. warehouse and 11.58 acres situated in Section 15, T-6-S, R-7-E, St. Landry Parish. The term of the lease is 10 years, commencing January 1, 2006 with the option to extend the lease on the same terms for 2 additional 10 year terms. Valero is to pay \$17,370 per year land rental and \$24,000 per year warehouse rental. The rental is to adjusted annual to reflect the changes in the U.S. Dept of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

For the fiscal year ended June 30, 2007, Valero paid a total of \$44,075 for this lease.

Town of Krotz Springs

On August 7, 2006, the Commission entered into lease with the Town of Krotz Springs for the use of 3,000 sq. ft. metal building situated on Lot A in the Town of Krotz Springs. The term of the lease is 5 years, commencing August 1, 2006 with the option to extend the lease for an additional 5 year term with the rent amount to be negotiated based on the appraised value of the premises at August 1, 2011. The Town of Krotz Springs is to pay \$4,800 annually.

NOTE 7 - RISK RETENTION

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The Commission carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2007 from coverage in the prior year. Settled claims has not exceeded this commercial coverage in the past three fiscal years.

NOTE 8 - LITIGATION AND CLAIMS

There were no judgments, claims or similar contingencies pending against the Commission at June 30, 2007.

NOTE 9 - FEDERAL FINANCIAL ASSISTANCE

The Board received no federal funds during the fiscal year ended June 30, 2007.

GREATER KROTZ SPRINGS PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 - COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Commission members are paid \$75 for each meeting they attend, as authorized by Louisiana Revised Statute 34:1451.

The amounts paid to Board members during the years are as follows:

Member	
Sal Diesi	\$ 1,725
Billy Frilot	2,700
Vernon Haynes	1,575
James Huval	300
Arlen LaFleur	1,800
Malcolm McMillan	2,700
Monita Reed	1,350
Barry K. Soileau	1,650
James Soileau	2,475
John K. Soileau	1,425
Michael R. Thibodeaux	2,400
Christopher Thomas	1,800
	<u>\$ 21,900</u>

NOTE 11 - COOPERATIVE AGREEMENTS

In April 2005, the Commission entered into a cooperative agreement with the Department of Natural Resources (DNR). The project is identified as "Krotz Springs Boat Landing Plans and Specifications." Under the terms of the agreement, the DNR will furnish 50% or \$200,000 of the \$400,000 total cost of the project. The Commission has also entered into a design agreement dated April 2004, for the other 50% of this project with U.S. Army Corps of Engineers. As a result, the Commission will be fully reimbursed for the costs of this project. As of June 30, 2007, the Commission had advanced \$200,000 to the Corps of Engineers to begin the planning and design. These funds were reimbursed by the Department of Natural Resources. The expenditure is reported as capital assets in the financial not subject to depreciation.

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OTHER REPORT REQUIRED BY
LOUISIANA GOVERNMENTAL AUDIT GUIDE

The following pages contain a report on the *Louisiana Attestation Questionnaire* which represents management's responsibility for the Commission's compliance with laws and regulations specified in the questionnaire and the effectiveness of the Commission's internal control over compliance with those laws and regulations. This report is based solely on the agreed-upon procedures applied to the representations made in the questionnaire and includes, where appropriate, any findings as a result of applying the agreed-upon procedures.

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)

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GOVERNMENT FINANCE
OFFICERS ASSOCIATION

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board Members of Greater Krotz Springs Port Commission State of Louisiana Krotz Springs, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Greater Krotz Springs Port Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Greater Krotz Springs Port Commission's compliance with certain laws and regulations during the year ended June 30, 2007 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000 or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$20,000 or public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The employees included on the list provided by management [agreed-upon procedure (3)] were not included on the listing obtained in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

N/A - Proprietary Fund only

6. Trace the budget adoption and amendments to the minute book.

N/A - Proprietary Fund only

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

N/A - Proprietary Fund only

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the 6 selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. Determine if payments were properly coded to the correct fund and general ledger account; and

Payments were properly coded to the correct fund. Of the 6 selected disbursements, 2 were not coded to the correct general ledger account; however, these have been corrected.

- c. Determine whether payments received approval from proper authorities.

All payments were properly approved by the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Greater Krotz Springs Port Commission is only required to post a notice of each meeting and the accompanying agenda. Management has asserted that such documents were properly posted, and are kept on file in their office.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appear to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for any such payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Greater Krotz Springs Port Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

George F. Delaune, CPA

July 23, 2007

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

George F. Delaune, CPA, APC
7663 Anchor Drive
Ventress, LA 70783

In connection with your review of our financial statements as of **June 30, 2007** and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of **July 23, 2007**.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☐ No ☐ *n/a*

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☐ No ☐ *n/a*

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No [☐]

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u><i>Henry Silkan</i></u>	Director	<u>8/6/07</u>	Date
<u><i>Donald R. Dineen</i></u>	President	<u>8-6-07</u>	Date



Sal Diesi, President
Billy Frilot, Vice President
James Soileau, Secretary
Michael Thibodeaux, Treasurer
Cheryl L. Carter
Vernon Haynes
Arlen LaFleur
Malcolm T. McMillan
Monita Reed
Barry K. Soileau
Kirt Soileau
Gary Soileau, Executive Director

MANAGEMENT'S CORRECTIVE ACTION PLAN

February 28, 2008

Mr. Stephen Theriot, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot,

In response to the findings in the Review/Attestation Report of the Greater Krotz Springs Port Commission for the year ended June 30, 2007, performed by George F. Delaune, CPA, APC, we submit the following corrective action taken to prevent the recurrence of the exception reported in procedure #8b.

One item found involved the coding of a maintenance expenditure that was incorrectly coded to "Building and Other Maintenance" instead of "Road Maintenance". The other item involved the coding of dues that was incorrectly coded to "Conferences".

Management has established procedures to review all general ledger posting transactions on a quarterly basis to ensure that all transactions have been properly coded.

Thanks,

Gary Soileau, Executive Director
Greater Krotz Springs Port Commission

cc: George Delaune, CPA, APC